APR 7 1976

MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

No. 75-1269

October Term, 1975

ANTHONY J. CALI,

Petitioner,

v.

JAPAN AIRLINES CO., LTD., SCANDINAVIAN AIRLINES SYSTEM, SCANDINAVIAN AIRLINES SYSTEM, INC. and KLM ROYAL DUTCH AIRLINES,

Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

DONALD E. DEGLING
Attorney for Respondents
Japan Airlines Co., Ltd. and
KLM Royal Dutch Airlines
277 Park Avenue
New York, New York 10017

Of Counsel,
RUSSELL J. BARRON

ROBERT R. GRAY
Attorney for Respondents
Scandinavian Airlines System and
Scandinavian Airlines System, Inc.
1001 Connecticut Avenue, N.W.
Washington, D.C. 20036

Of Counsel,
LOUIS H. KURRELMEYER
ALAN D. SUGARMAN
122 East 42nd Street
New York, New York 10017

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There is no issue in this patent case which warrants review by this Court.

First, the District Court and the Court of Appeals properly held that the patent in suit was not infringed by the lawful entrance into the United States of respondent foreign airlines' aircraft equipped with the accused jet engines, for four reasons: (1) The accused use does not constitute infringement under the Patent Law (35 U.S.C. § 272)*; (2) The accused use does not constitute infringement by virtue of Article 5ter of the Paris Convention (as revised in 1925)**; (3) The accused use does not constitute infringement under Article 27 of the Chicago Convention of 1944***; and (4) The accused use is not an infringement because it is not within the grant of a United States patent under the doctrine of *Brown* v. *Duchesne*, 60 U. S. (19 How.) 183 (1857).

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* Reprinted at Appendix, page 1b.

** *Paris Convention for the Protection of Industrial Property*, January 4, 1962 [1962] 1 U. S. T. 1, T. I. A. S. No. 4961. The text of Article 5ter is reprinted at Appendix, page 2b.

*** *Convention on International Civil Aviation*, December 7, 1944, 61 Stat. 1180 (1947), T. I. A. S. No. 1591. The text of Article 27 is reprinted at Appendix, page 3b.

Second, the Petition cannot rely on any of the reasons set forth in this Court's Rule 19: there is here no unsettled question of federal law; there is here no conflict with the decision of another Court of Appeals; there is here no conflict with decisions of this Court; there has been no departure from the accepted and usual course of judicial proceedings. Moreover, there is here no special or important reason why the Writ prayed for should be granted.

Opinions Below

The Opinion of the United States District Court for the Eastern District of New York is reported at 380 F.Supp. 1120 and is reprinted in Petitioner's Appendix at pages 1a through 19a. The unreported memorandum and order denying Petitioner's motion for reconsideration is printed in Petitioner's Appendix at pages 20a through 21a. The Court of Appeals for the Second Circuit affirmed the judgments of the District Court (Petitioner's Appendix, pages 22a through 23a) in an unreported *per curiam* order which is printed in Petitioner's Appendix at page 24a.

Jurisdiction

The jurisdictional requisites are sufficiently set forth in the Petition.

Questions Presented

Petitioner's statement of the questions presented is argumentative and begs the precise issues presented, which Respondents submit are more accurately stated as follows:

1. Were not both Courts below correct in holding that Congress is not required by the Constitution to cause the patent laws to extend to foreign aircraft lawfully entering the United States for purposes of commerce and has not done so?

2. Were not both Courts below correct in holding that Congress and the President acted within their constitutional powers in enacting Section 272 of the Patent Act of July 1952 and in

making Article 5ter of the Paris Convention (The Hague Revision 1925) and Article 27 of the Chicago Convention (1944), all of which provide immunity against claims for patent infringement against mechanisms used in foreign aircraft which make temporary or authorized entries into the United States, at least as to patents subsequently issued?

Constitutional Provisions, Treaties and Statutes Involved

The questions presented involve the patent clause of the Constitution (Article I, Section 8, Clause 8) and the treaty making power of the Constitution (Article II, Section 2, Clause 2), both reprinted at Appendix, page 1b.

The questions presented also involve Sections 154 and 272 of the Patent Act of July 19, 1952 (35 U. S. C. §§ 154 and 272), reprinted at Appendix, page 1b, and the predecessor of Section 154 which was Section 5 of the Patent Act of 1836 (5 Stat. 117), reprinted at Appendix, page 2b.

Finally, the questions presented involve Article 5ter of the Paris Convention (The Hague Revision 1925), reprinted at Appendix, page 2b, and Article 27 of the Chicago Convention (1944), reprinted at Appendix, page 3b.

Statement of Case

Petitioner, Anthony J. Cali ("Cali"), seeks review of a judgment affirming the dismissal of his complaint against Japan Airlines Co., Ltd. ("JAL"), KLM Royal Dutch Airlines ("KLM"), Scandinavian Airlines System ("SAS") and Scandinavian Airlines System, Inc. ("SAS, Inc.") for the alleged infringement of Cali's U. S. Patent No. 3,265,290, issued August 9, 1966. JAL, KLM and SAS are, and at all relevant times were, "foreign air carriers"* holding permits issued by the Civil Aeronautics Board. SAS, Inc., a wholly owned subsidiary of SAS, is a New York corporation which does not own or operate aircraft or aircraft

* See 49 U. S. C. § 1301(19).

engines. The Cali patent relates to a modification of certain jet engines which powered aircraft of the Respondents.

The claim for alleged infringement is based solely on the foreign airline respondents' operation of aircraft equipped with the allegedly infringing jet engines in regular service between points outside the United States and a point in the United States. Cali does not claim that any of the Respondents ever made or sold engines incorporating the alleged invention within the United States at any time relevant here, or used such engines in "interstate or overseas air transportation".*

The defenses of immunity based upon the treaties, statute and decisional law were sustained on a motion for summary judgment brought by Cali.

Reasons for Denying the Writ

1. The Decisions Of The Courts Below Were Correct

(a) *Congress Is Not Required To Grant Exclusive Patent Rights*

The patent clause of the Constitution gives Congress the power to enact patent laws but—contrary to Cali's argument—does not command that only "exclusive" rights may be granted. The District Court stated the principle succinctly as follows:

> "The constitutional provision is not self-executing. It empowers but does not command the Congress to grant patent rights, and the source of any specific patent right is the statute which defines the nature and extent of the patent right granted. See *Deepsouth Packing Co.* v. *Laitram Corp.*, 1972, 406 U. S. 518, 525-526, 92 S. Ct. 1700, 32 L. Ed. 2d 273. In *Mast, Foos & Co.* v. *Stover Mfg. Co.*, 1900, 177 U. S. 485, 494, 20 S. Ct. 708, 712, 44 L. Ed. 856, the court observed sharply
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> 'Congress having created the monopoly, may put such limitations upon it as it pleases.'" (Petitioner's Appendix, page 10a)

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* See 49 U. S. C. § 1301(21).

The District Court's statement is consistent with this Court's views in *McClurg et al.* v. *Kingsland et al.*, 42 U. S. (1 How.) 202, 206 (1843):

> "[T]he powers of Congress to legislate upon the subject of patents is plenary by the terms of the Constitution, and as there are no restraints on its exercise, there can be no limitation of their right to modify them at their pleasure, so that they do not take away the rights of property in *existing* patents." (Emphasis added)

More recently, the constitutionality of a private patent law which granted less than exclusive rights was upheld in *Radio Position Finding Corporation* v. *Bendix Corporation*, 205 F. Supp. 850 (D. Md. 1962) affirmed *per curiam*, 371 U. S. 577 (1963)*. In that case, a three-judge district court rejected a defense to a claim for patent infringement that the patent, issued pursuant to a private law, was invalid because "it does not grant an 'exclusive right' within the meaning of Article 1, § 8, Clause 8 of the Constitution" and held:

> "The direct and indirect expressions of approval of various private laws which have modified the exclusiveness of the grant to the patentee and the long legislative history of the exercise of congressional power to modify the exclusiveness of a patent grant, dating, indeed, from shortly after the adoption of the Constitution, lead us to conclude that Congress did not violate Article 1, § 8, cl. 8 of the Constitution in the enactment of Private Law 1008." 250 F. Supp. at 855.

Thus, the sole premise of Cali's argument is false—Congress does have power to grant an inventor less than exclusive rights.

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* Cali has sought to distinguish the *Bendix* case on the erroneous ground that it related to an "extension" patent. In fact, Private Law 1008 merely relieved the patentee from the effect of a statutory bar which otherwise would have prevented the granting of his original patent.

(b) *Congress Did Not Intend The Patent Laws To Extend To Foreign Vessels Lawfully Entering The United States For Purposes Of Commerce*

Since the earliest days of the nation, Congress has, in varying forms, exercised the patent power granted to it by Article I, Section 8, Clause 8 of the Constitution (Appendix, page 1b). At present, Section 154 of the Patent Act of 1952 (35 U. S. C. § 154) (Appendix, page 1b) grants to a patentee "the right to exclude others from . . . using . . . the invention throughout the United States . . . ." This provision has remained substantially unchanged since 1870. Prior to 1870, however, the patent act provided a seemingly broader grant to the applicant of "the full and exclusive right and liberty of . . . using . . . the said invention. . . ." (Section 5 of the Patent Act of 1836, 5 Stat. 117, Appendix, page 2b).

The precise question here presented, i.e. the reach of the patent laws, was before the Court in *Brown* v. *Duchesne*, 60 U. S. (19 How.) 183 (1857), with respect to a patent issued under the 1836 Patent Act. The Court held:

> "But we must interpret our patent laws with reference to our own Constitution and laws and judicial decisions. And the court are of opinion that the rights of property and exclusive use granted to a patentee does not extend to a foreign vessel lawfully entering one of our ports; and that the use of such improvement, in the construction, fitting out, or equipment of such vessel, while she is coming into or going out of a port of the United States, is not an infringement of the rights of an American patentee, provided it was placed upon her in a foreign port, and authorized by the laws of the country to which she belongs." 60 U. S. at 198-199.

Cali asserts here, as he did in the lower courts, that the *Brown* decision turned on a " 'trifling' damage aspect . . . a prerequisite of the *Brown* rationale, which distinguishes it from the 'great subtraction' of the patentee's rights which is presented here" (Petition, page 6). The contention that *Brown* is a *de minimus* case is laid to rest in the ensuing portion of the Court's opinion:

"But it seems to be supposed, that this user of the improvement was, by legal intendment, a trespass upon the rights of the plaintiff; and that although no real damage was sustained by the plaintiff, and no profit or advantage gained by the defendant, the law presumes a damage, and that the action may be maintained on that ground. In other words, that there is a technical damage, in the eye of the law, although none has really been sustained.

"This view of the subject, however, presupposes that the patent laws embrace improvements on foreign ships, lawfully made in their own country, which have been patented here. But that is the question in controversy. And the court is of opinion that cases of that kind were not in the contemplation of Congress in enacting the patent laws, and cannot, upon any sound construction, be regarded as embraced in them." 60 U. S. at 196-197.

(c) *The Treaties And Statute Immunizing The Use Of A Patented Invention On A Foreign Vessel Lawfully Entering The United States Are Valid Exercises Of Constitutional Powers*

Both courts below upheld and applied: *Article 5ter of the Paris Convention,* which exempts from infringement the use of a patented invention by foreign vessels or vehicles which enter the United States temporarily or accidentally (Appendix, page 2b); *Article 27 of the Chicago Convention,* which provides a similar exemption for use of a patented invention by foreign aircraft making an authorized entry into the United States (Appendix, page 3b); and *Section 272 of the Patent Law of 1952,* which also exempts from infringement the use of a patented invention by foreign vessels and vehicles which temporarily or accidentally enter the United States (Appendix, page 1b).

The Paris Convention, as a whole, is directed broadly to international industrial property rights; the Chicago Convention is concerned generally with international air navigation; and Section 272 is a part of the internal United States patent law.

On the issue here involved the District Court properly observed that these three enactments intersect but are not identical (Petitioner's Appendix, pages 16a through 17a). The District Court also found that the three enactments are consistent with one another and with this Court's decision in *Brown* v. *Duchesne*. Not only are these enactments consistent, the *Brown* decision itself presaged Article 5ter of the Paris Convention when the Court stated:

> "The construction claimed by the plaintiff would confer on patentees not only rights of property, but also political power, and enable them to embarrass the treaty-making power in its negotiations with foreign nations, and also to interfere with the legislation of Congress when exercising its constitutional power to regulate commerce. And if a treaty should be negotiated with a foreign nation, by which the vessels of each party were to be freely admitted into the ports of the other, upon equal terms with its own, upon the payment of the ordinary port charges, and the foreign Government faithfully carried it into execution, yet the Government of the United States would find itself unable to fulfill its obligations if the foreign ship had about her, in her construction or equipment, anything for which a patent had been granted." 60 U. S. at 197.

Further, the legislative history of Section 272 demonstrates that it was merely intended to codify the *Brown* case and Article 5ter of the Paris Convention:

> "This section follows the requirement of the International Convention for the Protection of Industrial Property, to which the United States is a party, and also codifies the holding of the Supreme Court that use of the patented invention on board a foreign ship does not infringe a patent."*

Finally, subsection (c) of Article 27 of the Chicago Convention (Appendix, page 3b) specifically refers to the Paris

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* H. R. Rep. No. 1923, 82d Cong., 2d Sess. 28 (1952); S. Rep. No. 1979, 82d Cong., 2d Sess. 28 (1952), reproduced in 1952 U. S. Code Cong. and Ad. News 2394, 2422.

Convention and generally refers to legislation throughout the world similar in effect to Section 272.

Respondents submit that this Court's decision in *Brown* v. *Duchesne, supra,* establishes that Article 5ter of the Paris Convention and Article 27 of the Chicago Convention are valid exercises of the treaty making power of Congress and the President and that Section 272 is a valid exercise of the patent power by Congress.

Cali argues that the treaties and statute here in issue are an unconstitutional "taking" of rights granted by his patent. In support, Cali cites a line of cases to the effect that once the United States has granted a patent, it is itself required to pay tribute to the patentee if it uses the patent: *Cammeyer* v. *Newton,* 94 U. S. 225 (1876); *James* v. *Campbell,* 104 U. S. 356 (1881); *Hollister* v. *Benedict Manufacturing Co.,* 113 U. S. 59 (1885); *United States* v. *Palmer,* 128 U. S. 262 (1888); *Belknap* v. *Schild,* 161 U. S. 10 (1896); *Cramp & Sons* v. *Curtis Turbine Co.,* 246 U. S. 28 (1918); and *Richmond Co.* v. *United States,* 275 U. S. 331 (1928).

This is a specious argument. As early as 1857 this Court held in *Brown* v. *Duchesne* that a United States patent did not extend to foreign vessels lawfully in the United States for purposes of commerce. Article 5ter of the Paris Convention has been the law of the land since 1925, and Article 27 of the Chicago Convention has been the law of the land since 1944. Section 272 of the Patent Law has been in effect since 1952. The grant of Cali's patent in 1966 never extended to the use here accused and, accordingly, there has been no "taking" of any patent right from Cali.

2. Cali Had An Adequate Remedy Under Foreign Patent Laws

As shown above, Cali's claim was denied because the grant of his United States patent does not extend to foreign vessels which lawfully enter the United States for purposes of commerce. Admittedly, the Paris Convention, the Chicago Convention and the patent laws of the United States, Japan, The Netherlands, Denmark, Norway and Sweden gave Cali the right to seek patents which would have comprehended the claims for infringement asserted here. This Court stated in *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U.S. 518, 531 (1972):

> "To the degree that the inventor needs protection in markets other than those of this country, the wording of 35 U.S.C. §§ 154 and 271 reveals a congressional intent to have him seek it abroad through patents secured in countries where his goods are being used."

Cali's failure to pursue the remedy provided by Congress warrants denial of the Writ.

CONCLUSION

The Petition should be denied.

Respectfully submitted,

DONALD E. DEGLING
Attorney for Respondents
Japan Airlines Co., Ltd. and
KLM Royal Dutch Airlines
277 Park Avenue
New York, New York 10017

Of Counsel,
RUSSELL J. BARRON

ROBERT R. GRAY
Attorney for Respondents
Scandinavian Airlines System and
Scandinavian Airlines System, Inc.
1001 Connecticut Avenue, N.W.
Washington, D.C. 20036

Of Counsel,
LOUIS H. KURRELMEYER
ALAN D. SUGARMAN
122 East 42nd Street
New York, New York 10017

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CONSTITUTION

Article I, Section 8, Clause 8

The Congress shall have Power . . .

* * *

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; * * *

Article II, Section 2, Clause 2

[The President] shall have Power, by and with the Advice and Consent of the Senate, to make Treaties, provided two thirds of the Senators present concur; * * *

35 U.S.C. § 154

CONTENTS AND TERM OF PATENT

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, subject to the payment of issue fees as provided for in this title, of the right to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof. As amended July 24, 1965, Pub. L. 89-83 § 5, 79 Stat. 261.

35 U.S.C. § 272

TEMPORARY PRESENCE IN THE UNITED STATES

The use of any invention in any vessel, aircraft or vehicle of any country which affords similar privileges to vessels, aircraft or vehicles of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the vessel, aircraft or vehicle and is not sold in or used for the manufacture of anything to be sold in or exported from the United States.

5 Stat. 117

Sec. 5. And be it further enacted, That all patents issued from said office shall be issued in the name of the United States and under the seal of said office, and be signed by the Secretary of State, and countersigned by the Commissioner of the said office, and shall be recorded, together with the descriptions, specifications, and drawings, in the said office, in books to be kept for that purpose. Every such patent shall contain a short description or title of the invention or discovery, correctly indicating its nature and design, and in its terms grant to the applicant or applicants, his or their heirs, administrators, executors, or assigns, for a term not exceeding fourteen years, the full and exclusive right and liberty of making, using, and vending to others to be used, the said invention or discovery, referring to the specifications for the particulars thereof, a copy of which shall be annexed to the patent, specifying what the patentee claims as his invention or discovery.

Paris Convention: Act of The Hague, 1925

Article 5ter

In each of the countries of the Union the following shall not be considered as infringements of the rights of a patentee:

1. the use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery, tackle, gear and other accessories, when such vessels temporarily or accidentally enter the waters of a country, provided that such devices are used there exclusively for the needs of the vessel;

2. the use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories to such aircraft or land vehicles, when those aircraft or land vehicles temporarily or accidentally enter the country.

Chicago Convention, 1944

Article 27

(a) While engaged in international air navigation, any authorized entry of aircraft of a contracting State into the territory of another contracting State or authorized transit across the territory of such State with or without landings shall not entail any seizure or detention of the aircraft or any claim against the owner or operator thereof or any other interference therewith by or on behalf of such State or any person therein, on the ground that the construction, mechanism, parts, accessories or operation of the aircraft is an infringement of any patent, design, or model duly granted or registered in the State whose territory is entered by the aircraft, it being agreed that no deposit of security in connection with the foregoing exemption from seizure or detention of the aircraft shall in any case be required in the State entered by such aircraft.

(b) The provisions of paragraph (a) of this Article shall also be applicable to the storage of spare parts and spare equipment for the aircraft and the right to use and install the same in the repair of an aircraft of a contracting State in the territory of any other contracting State, provided that any patented part or equipment so stored shall not be sold or distributed internally in or exported commercially from the contracting State entered by the aircraft.

(c) The benefits of this Article shall apply only to such States, parties to this Convention, as either (1) are parties to the International Convention for the Protection of Industrial Property and to any amendments thereof; or (2) have enacted patent laws which recognize and give adequate protection to inventions made by the nationals of the other States parties to this Convention.